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REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION

EXTERNAL DEBT CRISIS AND DEVELOPMENT

Letter dated 3 February 1992 from the Permanent Representative of Ukraine to the United Nations addressed to the Secretary-General

I have the honour to transmit to you the Appeal of the Prime Minister of Ukraine, His Excellency Vitold P. Fokin, to the world financial circles (see annex).

I request you to circulate the text of the present letter and its annex as an official document of the forty-seventh session of the General Assembly, under the items entitled "Report of the Economic and Social Council", "Development and international economic cooperation" and "External debt crisis and development".

(Signed) Guennadi I. OUDOVENKO
Ambassador
Permanent Representative of Ukraine
to the United Nations

ANNEX

Appeal of the Prime Minister of Ukraine to the world financial circles

Ukraine, the independence of which was confirmed by its 52 million people on 1 December 1991 and recognized by the majority of nations,

Being a founding State of the United Nations and a number of international economic organizations,

Firmly adhering to its international obligations as well as those of the former Union of Soviet Socialist Republics,

Signed, on 4 December 1991, together with other States members of the former Union of Soviet Socialist Republics, the Treaty on Legal Succession of the State Foreign Debt and Assets of the Union of Soviet Socialist Republics.

Thus, Ukraine committed itself to pay part of the external debt of the Union of Soviet Socialist Republics through the Bank for Foreign Economic Activities, which has been authorized under the Treaty to be an agent in servicing the debt.

With the aim of abiding steadily by the word and spirit of the Treaty, Ukraine decided to become a member of the International Monetary Fund and the World Bank. Together with experts of those outstanding international organizations, the Government of Ukraine drew up, for the first time in its history, its balance of payments and determined the limit of the foreign debts to be approved by the Verkhovna Rada (Parliament) of Ukraine.

In conditions of extremely hard economic crisis, hyperinflation and impoverishment of diverse groups of the population, the Government is trying to find the required currency to pay in proper time its share of the debt. An export promotion system is being created urgently, an Export-Import Bank is being founded and the National Customs Service is being reinforced.

But the actions of the other parties to the Treaty of 4 December 1991 are raising anxiety. The representatives of Russia, Belarus, Kazakhstan and other States-successors of the Union of Soviet Socialist Republics, have approved, without our authorized representative, a Statute of the Interstate Council to be legitimate under the Treaty and to take decisions concerning debt servicing.

The activities of the Interstate Council actually contradict the Treaty assumptions. The internal and external gold-device assets, real estate and property abroad of the Union of Soviet Socialist Republics, about which information is not available for other States successors, are being appropriated unilaterally. Having, according to the unilaterally adopted Statute, 61.1 per cent of the votes, Russia has the real possibility of legalizing its actions by the decisions of the Interstate Council.

The decision to stop current operations of Vnesheconombank of the Union of Soviet Socialist Republics was taken by the Interstate Council at the end of last year, which caused great damage to the economic interests of Ukraine.

Coming out for equal rights on the solving of these questions, Ukraine cannot agree with the dictate of one country, whatever potential it possesses. Thus, Ukraine addresses itself to the world financial circles with a request to:

(a) Take from the general sum of the debt in hard currency of the former Union of Soviet Socialist Republics the Ukrainian share of 16.37 per cent for facilitation of the debt payment by Ukraine, thus meeting the requirements of the Treaty of 4 December 1991 (article 3);

(b) Give the direct opportunity to the National Bank of Ukraine and the Export-Import Bank of Ukraine to take part in all kinds of financial operations on the world market for timely fulfilment of debt obligations in order to provide the development of the market economy of Ukraine;

(c) Recognize and promote the property rights fulfilment of the Ukrainian share of 16.37 per cent of all kinds of assets in the territory of the former Union of Soviet Socialist Republics and abroad, which will be a necessary guarantee of the fulfilment of Ukrainian international financial obligations. As an interim measure, Ukraine requests the suspension of the property rights of Russia on the objects of the former Union of Soviet Socialist Republics property abroad until its actual division between States-successors.

With the aim of accomplishing these proposals, the Government of Ukraine offers to convene an international conference in Kiev on 18 and 19 February 1992 and to invite to this Conference authorized representatives of the creditors, the International Monetary Fund and the World Bank.